

<b>Agency Name</b>	Liquor Commission
<b>Audit Name</b>	Liquor Commission 2018 Management Letter
<b>Audit Period</b>	FY 2018
<b>Status Report Date</b>	September 2019

Summary of Audit Observations/Findings					
Number	Observation Title	Status [place X in status column]			
		Unresolved	Partially Resolved	Substantially Resolved	Fully Resolved
1	Implement And Staff A Financial Accounting And Reporting Structure Appropriate For The Commission's Size And Complexity		X		
2	Review And Expand Accounts Payable Policies And Procedures				X
3	Establish Objectives And Policies And Procedures For Gift And Promotional Card Programs				X
4	Review Information System User Access Controls				X
5	Prepare And Submit Action Plans Required By Executive Order #2014-03				X
6	Adopt Administrative Rules Required By Statute		X		

**Observation 1:** Implement And Staff A Financial Accounting And Reporting Structure Appropriate For The Commission's Size And Complexity

**Summary of Finding:** The Commission's financial accounting and reporting operations are overly reliant upon a single employee, the Chief Financial Officer. The Commission must enhance its financial accounting unit with additional staff with financial accounting and reporting expertise appropriate for the scope and complexity of the Commission's operations. The Commission should immediately review work assignments of key staff and allocate assignments to provide for greater division of responsibilities and redundancies in critical operations.

**Current Status:** In May 2018, the Commission hired a new Comptroller. Over the course of the 2019 fiscal year, the Comptroller has begun to take over some key responsibilities.

In addition, the Commission is in the process of reviewing assignments and creating a new position within the finance area in an effort to distribute the responsibilities that currently fall almost entirely upon the Chief Financial Officer.

**Observation 2:** Review And Expand Accounts Payable Policies And Procedures

**Summary of Finding:** The Commission should review and expand its accounts payable policies and procedures to ensure direction provided to staff promotes the accurate accrual of liabilities in accordance with State and Commission policy, and the proper basis of accounting.

**Current Status:** The Commission has updated policies and procedures as well as enhanced the program for reconciling liability accounts.

**Observation 3:** Establish Objectives And Policies And Procedures For Gift And Promotional Card Programs

**Summary of Finding:** The Commission should design and document its objectives for its gift and promotional card programs and establish appropriate policies and procedures for meeting its objectives and controlling and recording the related financial activity in alignment with its objectives.

**Current Status:** The Commission bases marketing programs, such as the promotional card program, on sound marketing objectives. The Commission recently enhanced the promotional card program to stimulate future sales and profitability and to better track liability on the current redemption rate.

**Observation 4:** Review Information System User Access Controls

**Summary of Finding:** The Commission should ensure that information controls are sufficient to allow timely notification to responsible parties of new and terminated users and that monitoring controls regularly review the continued performance and responsiveness of user access control procedures.

**Current Status:** The Commission has added time clock software access to its Network Access Request Form to enable immediate action to add or remove users.

**Observation 5:** Prepare And Submit Action Plans Required By Executive Order #2014-03

**Summary of Finding:** The Commission has not submitted the action plans required by Executive Order #2014-03 to address audit findings included in the Commission's management letter reports issued since the June 16, 2014 promulgation of the Executive Order.

**Current Status:** The Commission now understands that the fact that it is audited annually does not meet this requirement. The Commission is, therefore, submitting audit updates for DAS to post on the transparency website.

**Observation 6:** Adopt Administrative Rules Required By Statute

**Summary of Finding:** The Commission should adopt administrative rules required by RSA 178:28 . If the Commission determines the required rules are not necessary for the operation of the Commission, the Commission should request an appropriate revision to the statute.

**Current Status:** Resolved. The Commission is in the process of reviewing and revising its rules.